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BOOK REVIEWS AND NOTICES

Industry and Trade. By ALFRED MARSHALL. London: The Macmillan Company, 1919. Pp. xxiv+874.

This volume appeared under circumstances which may amount to something of a handicap. It has been awaited and looked forward to so much that it would be only natural if unreasonable expectations had been formed of it. It was to have contained the conclusion of Professor Marshall's thinking. And Marshall's mind is so many sided as to appeal to many economists of different types. Each has probably found in his writings fragments indicating an unusually long reach or keen insight into just those ranges of principle or areas of phenomena in which he, the reader, saw the key to the most fruitful developments. In the new volume, then, each may expect to find those germs which he himself had most cherished, developed, and brought to fruition as an economic system. One is tempted to expect a theory of social economics more real than anything that has hitherto appeared because of the large awareness of such things which one finds (often in footnotes) in the "Principles." One is even tempted to expect that at last the true and proper *liaison* will be established between abstract theory and concrete realism. In these respects, however, anything approaching finality is quite too much to expect, and it is equally unreasonable to expect Marshall to satisfy all the conflicting groups which find something in his thought to borrow from, and would like to find more.

We must therefore content ourselves without these finalities; at least for a while longer. The labor which Professor Marshall has set himself has grown as it progressed, and the present volume does not complete it. He has reserved for a companion volume the subjects of employment, money and credit, and—last, but never least—the field and functions of conscious social endeavor. It is interesting and significant that the phrase "social endeavor" appears in place of the narrower phrase "functions of government," which was used in the preface to the "Principles." In the last century men naturally thought of private enterprise and political government as the two alternative agencies through which things might be brought to pass. Today such a point of view is obsolete. It is sincerely to be hoped that this particular part of the proposed study may not be too long postponed, since that is a subject

on which the dean of the British economists should have much to say that would be well worth hearing.

Industry and Trade is essentially a pre-war book. The world-war does not figure in its pages, and even the economic aftermath of this cataclysm is only here and there suggested. This fact may prove an advantage or a disadvantage, according to the predisposition of the reader. It may prove refreshing to students who yearn back to those almost legendary days when liberalism could progress at a more leisurely and genial tempo, and all things were less urgent. It is the result and evidence of Marshall's habit of digesting his thoughts before he speaks; his willingness, as he puts it, to "say little on the matter, till I had thought much longer." This stands in welcome contrast to the prevalent habit of rushing into print, though it is a virtue that can be carried to excess by one whose ordinary thought has more than ordinary maturity.

But to return to the specific contents of the book under review. It consists of three parts. The first is a historical sketch of the development of national industrial efficiency in the principal Occidental countries and of their distinguishing national characteristics. Of this part the author says that it "has no claim whatever to be a contribution to economic history; but an endeavor has been made to turn a few hints derived from the past to account in explaining the present; these will be found chiefly in Chapters III to VIII of the first book and in appendices B to G." The second part is a study of present tendencies of business organization, and the third part deals with monopolistic tendencies and their relations to public well-being. Extended discussions of general principles are deliberately avoided; the chief exception being the discussions of prime and supplementary cost and of increasing returns. On the other hand, the mass and variety of descriptive and historical material are evidence of wide reading and acquaintance.

In the most theoretical part of the volume—that in which the author deals briefly with the problems of overhead costs and increasing returns—he characteristically distinguishes between short-run and long-run cases, and handles the whole subject with a degree of discrimination which makes this probably the best treatment extant of an extremely confused and confusing topic. There is, however, a passage in Appendix M (p. 841) on railroads, which is not adequately safeguarded against being taken in the sense of applying short-run measures of variable cost to what is properly a long-run problem, viz., a general reduction of rates for the building-up of traffic.

There are many interesting passages that reflect the same point of view and general quality of attitude that characterize Marshall's other works. He holds that city life produces serious racial casualties; and that it might be wise to retard invention, if only the world were unified and regenerate. He believes that private wealth will stand extremely heavy burdens without destruction of incentive; a man's income serves as an index of success and thus as a spur to activity, even if taxation takes most of it. He is not one of those who have come to favor nationalization of mines, but he believes in the necessity of reasonable conditions of life for the masses and the extension of adult education.

We learn with gratification that America is taking the lead in national studies of monopolistic tendencies and of standards of competitive practice, and that the German *Kartellenquête*, though useful and enlightening, was not comparable in efficiency to our own governmental machinery with its standing body of specialists and its power to compel information.

He advocates the revival of waterways in terms which indicate that British conditions differ widely from American, for he states that the high cost of a private rail siding prevents most manufacturers from having one, while a private terminal alongside a canal is, he claims, relatively cheap and within reach of moderate-sized concerns. In America any manufacturer can have a private rail siding on reasonable terms, and most of them enjoy this advantage, except in such large cities as Chicago and New York where physical difficulties stand in the way. On the other hand, to ship bargeloads from a private water terminal requires a larger concern than to ship carloads from a private spur track.

At one point, in discussing competition between the railroads and waterways, Marshall apparently makes a slip, suggesting that a railroad which lowers rates and drives a water competitor out of business should be penalized by depriving the road of the freedom to raise its rates after getting rid of its rival and remarking that "the rules of the Interstate Commerce Commission" do not impose such a penalty. This matter is not left to the discretion of the Interstate Commerce Commission but is taken care of by statute, under the fourth section of the Act to Regulate Commerce, as amended in 1910. This penalizes railroads in just the way Marshall proposes. Elsewhere Marshall states that the holding company was made illegal in the United States in 1904. This must refer to the dissolution of the Northern Securities Company, a case which settled that a combination in restraint of trade is not protected from the

law by being in the form of a holding company rather than in that of a "trust," a pool, or other similar form. But this decision did not make the holding company illegal *per se*, and it has not prevented the bulk of America's large-scale industry from being carried on through the use of holding companies. Professor Marshall's knowledge is wide, but such a book as he has here undertaken to write requires something close to omniscience.

As for the general orienting point of view of the book, it is perhaps best expressed in the author's own words:

The present volume is in the main occupied with the influences which still make for sectional and class selfishness: with the limited tendencies of self-interest to direct each individual's action on those lines, in which it will be most beneficial to others; and with the still surviving tendencies of associated action by capitalists and other business men, as well as by employees, to regulate output, and action generally, by a desire for sectional rather than national advantage.

The book is dominantly nationalistic in point of view, especially in the first part where nations are treated as units and the history and leading characteristics of their industrial development are sketched. It stops short, however, of studying the greatest orgy of nationalism the world has yet seen, the recent world-war. Further than this, the book is difficult to summarize. The reviewer must confess to a feeling that it is hard to see the forest for the trees. Such a mass of historical and descriptive material is necessarily very difficult to organize, all the more so when the purpose is something very different from mere history or description.

This may be illustrated by an attempt to run down one single topic of central interest. The one which suggests itself most strongly is that of the nature, place, and job of the "entrepreneur" in modern business—that elusive, subdivided, and specialized "multiple personality." This topic, naturally, runs throughout the volume. In Book I we observe the differing habits of enterprise and industry of different peoples; in Book II we study cost and output and the laws governing them; standardization; marketing; corporations and corporation finance; the tasks of business organization and the personal qualities they call for, and scientific management. And in Book III we follow the story of monopoly and near-monopoly through to the final chapter on the decline of exclusive class advantages in industry. After which the reader may find it highly desirable to strike back on the trail and pick up from here and there a connected account of the entrepreneur personality. But he will need to exercise some mental organizing ability.

On his second journey he may become aware of a most interesting contrast. It appears that the growth of very large businesses has been typically dominated by "intellectual giants," and it also appears that the position of the typical corporation director tends to make of him an honest and careful King Log (King Stork seems to have been less typical in England than in America). How are these contradictory facts to be reconciled? Persumably any given intellectual giant represents a temporary phase in the development of any given business. But does the species, as a species, represent something on which modern business can count as a permanent force, or does the long-run trend of economic evolution act to discourage its development—perhaps to exclude it from business? This merges into the question whether the stockholders' representative is a functionless functionary in business under present-day conditions, and this in turn is central to the question of the new guilds, which Marshall discusses briefly and at many chapters' remove from the discussion of entrepreneur motives and organization.

Evidently Marshall does not regard the corporate board of directors as a fifth wheel in modern industry, but the issue is not as clearly joined as one could wish, nor as definitely connected with the background of general description. The board of directors, where it is not dominated by some strong personality, is described as chiefly interested in "playing safe," partly because the directors' fees do not give the members a sufficiently direct and powerful interest in the fortunes of the business. This may also be partly because more is expected of a board of directors in an English than in an American corporation; its duties and responsibilities are heavier, and the officials of the company have correspondingly less autocratic independence of action. The whole situation appears to be one in which some, at least, of the important characteristics of "private enterprise" as our fathers knew it, have evaporated, and the difference between private and co-operative enterprise is much diminished.

Possibly this is true only of the staid middle age of a business enterprise, and possibly a new idea has perennial power to rejuvenate the hardening tissues of corporate organization; at all events, Marshall dismisses the modern guilds by saying: "they appear to regard economic progress as a thing that goes almost of itself; they take little thought for its dependence on deep insight, or far-seeing foresight, on sound judgment, in selecting new developments of technique and organization, and on the courage of leaders of industry in taking selected risks on their own shoulders." This implies that these qualities still depend on private

enterprise to stimulate them and bring them to the surface. In closing this very inadequate review it may be in order to express again the hope that Professor Marshall's strength will permit him soon to give us his thoughts on the rôle of "social endeavor" in economic life, even if he does not finish everything that stands preliminary to this on the very heavy schedule he has mapped out for himself.

To establish the place and importance of such a work as this after a single reading is almost too much for a reviewer to attempt. Probably the chief value of the work lies in bringing between the covers of a single volume an unusually wide conspectus of economic organization, the conditions of efficiency and the principles, forms, and types of behavior of many different but characteristic kinds of business units.

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Modern Business Writing. By CHARLES HARVEY RAYMOND. The Century Co. Pp. xii+476.

The advisability of offering courses in practical English at university schools of commerce and business administration no longer needs to be defended; in fact, universities that do not give such courses in their college departments are not fully living up to their purpose of preparing students for their future careers, for today probably the majority of university graduates enter business of some form or other. And even those graduates that go into such professions as law and engineering are as much in need of a sound training in the writing of letters and reports as the graduates who engage in business. Literally, hundreds of large business organizations give courses of instruction in practical English and letter-writing to overcome the deficiencies in these matters that exist among their employees—college graduates not excluded.

The latest textbook for university purposes on the subject of practical English is the volume under review. The author divides the subject-matter of his volume into two divisions: Part I, bearing the title of "The Selling Appeal," treats of the writing of sales letters and advertisements; Part II, bearing the title "Everyday Letters," discusses the writing of such types of business letters as the order letter, the adjustment letter, and credit and collection letters. For review purposes, Mr. Raymond's own division of his material may be followed.

The relative importance, in the mind of the author, of the subject-matters contained in the two parts is indicated by the fact that he